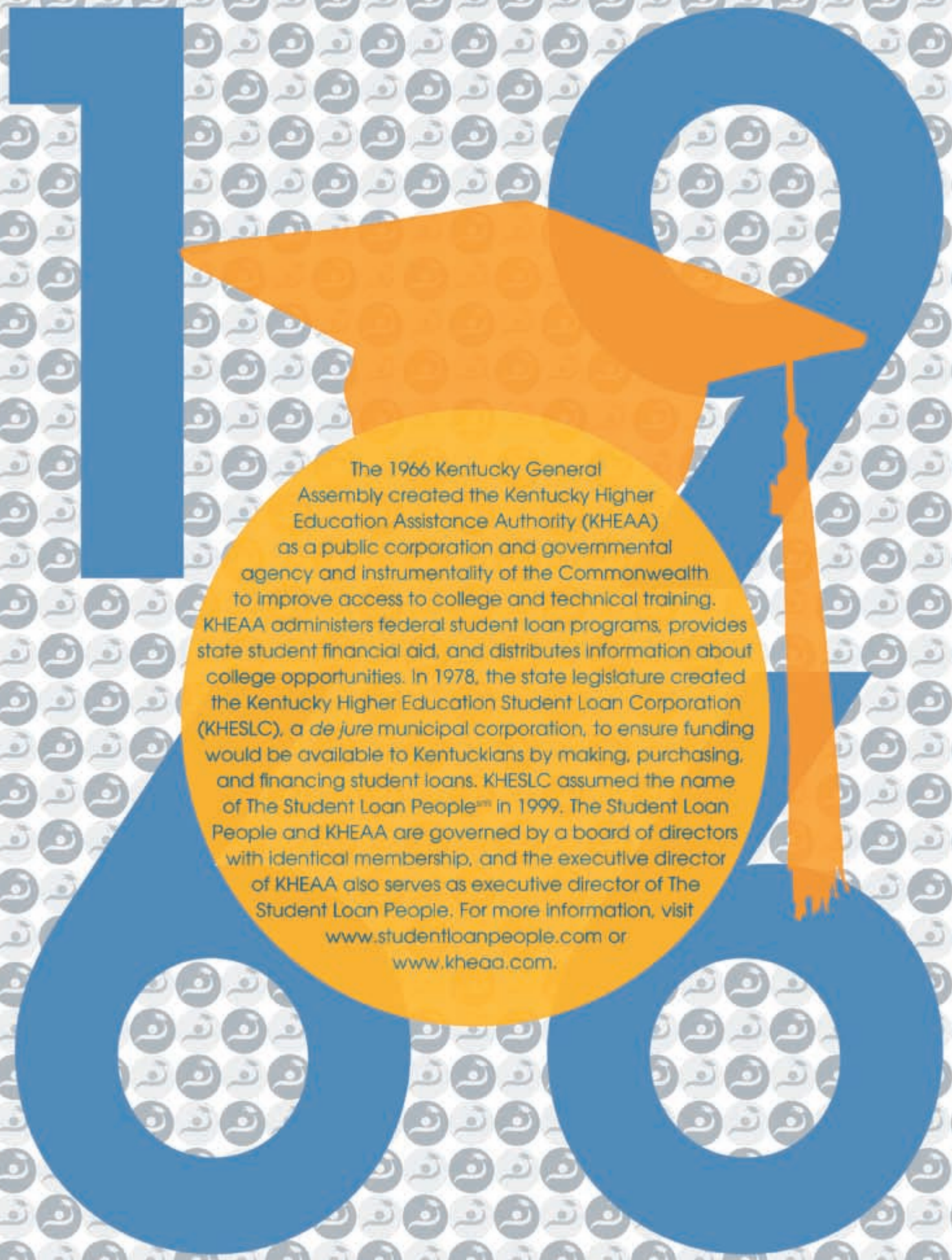


Kentucky Higher Education Assistance Authority
The Student Loan People
Annual Report
FY 2006



YEARS

WE'RE MORE THAN JUST A 60s FAD.



The 1966 Kentucky General Assembly created the Kentucky Higher Education Assistance Authority (KHEAA) as a public corporation and governmental agency and instrumentality of the Commonwealth to improve access to college and technical training. KHEAA administers federal student loan programs, provides state student financial aid, and distributes information about college opportunities. In 1978, the state legislature created the Kentucky Higher Education Student Loan Corporation (KHESLC), a *de jure* municipal corporation, to ensure funding would be available to Kentuckians by making, purchasing, and financing student loans. KHESLC assumed the name of The Student Loan PeopleSM in 1999. The Student Loan People and KHEAA are governed by a board of directors with identical membership, and the executive director of KHEAA also serves as executive director of The Student Loan People. For more information, visit www.studentloanpeople.com or www.kheaa.com.

Higher education: A must for Kentuckians

As Governor of Kentucky, my vision for the Commonwealth includes economic opportunity for all our citizens, who will in turn lead productive, quality lives. To make this vision a reality, we must ensure Kentuckians' access to higher education. In today's fast-paced, technology-driven economy, a postsecondary education plays a critical role in determining one's success.

Kentucky offers its families an excellent choice of public and private colleges and universities, community and technical colleges, trade schools, and online programs. Kentucky is also fortunate to offer several student financial aid programs administered by the Kentucky Higher Education Assistance Authority (KHEAA) and The Student Loan People. These programs provide funding that enables thousands of Kentuckians to obtain a college education or technical training every year.

We are committed to investing in our children to ensure they build meaningful lives and the Commonwealth reaches its full potential. In cooperation with the General Assembly, we increased funding for state student aid awards by more than \$19 million for FY 2006. I am confident today's investment in higher education and student financial aid will generate substantial returns in the coming years for all of Kentucky.



Ernie Fletcher, Governor
Commonwealth of Kentucky

Thank you for helping us serve Kentucky students

Congratulations to the Board of Directors and all our staff for 40 years of making higher education more accessible for Kentuckians! Since our creation, KHEAA and The Student Loan People have worked hand-in-hand with financial aid officers, school counselors, and lenders, as well as the Governor and Kentucky General Assembly, to make higher education a reality for countless students and families.

Some of the most exciting accomplishments in recent years in higher education and student financial aid include creation of the Kentucky Educational Excellence Scholarship (KEES) and a major commitment from the Kentucky Lottery to fund need-based grant and merit-based scholarship programs. Other major achievements include creation of The Student Loan People's unique and money-saving loan forgiveness programs and GoHigherKY.org, a powerful higher education website specifically for Kentuckians.

Looking back, we certainly have come a long way and are better positioned than ever to help students pay rising college costs. During the first four years of administering the state's need-based grant programs, KHEAA disbursed \$8.5 million to 26,380 students. At the same time, The Student Loan People made plans to purchase its first student loans.

During FY 2006 alone, KHEAA disbursed more than \$177 million directly to 119,820 students (including \$83.3 million in need-based grants and \$86.5 million in KEES) and guaranteed more than \$1.3 billion in Federal Family Education Loans to assist student borrowers and their families. Borrower benefits from KHEAA and The Student Loan People saved students more than \$40 million. The Commonwealth has traveled far in its support of improving access to higher education.

I invite you to review our FY 2006 annual report to find out more about KHEAA and The Student Loan People, what we do, and why it is so important to Kentuckians.

Dr. Jim A. Jackson
FY 2006 Board Chair



We're poised to invest in students for years to come

With another successful year behind us, KHEAA and The Student Loan People are energized and eager to continue our long-standing tradition of making higher education more accessible for Kentuckians.

We enter FY 2007 under new leadership. Following the retirement of Dr. Joe L. McCormick, the Board of Directors conducted a national search and selected Edward J. Cunningham as Executive Director and Chief Executive Officer. Mr. Cunningham's experience and management expertise are a perfect complement to our dedicated and loyal staff.

KHEAA and The Student Loan People are entrusted with a unique responsibility on behalf of the Commonwealth to make a substantial, positive difference in the lives of thousands of Kentuckians every year—to guide, encourage, and support students in their pursuit of higher education.

As we enter our 41st year, we are determined to continue achieving these goals. We will use all our energy, experience, and resources to assist students in pursuing their educational dreams and provide the best possible service to students, higher education institutions, and participating lenders.

Our sincere appreciation goes to all our many partners for supporting the mission of KHEAA and The Student Loan People. Through our combined commitment to students and higher education, we are enhancing our citizenry and investing in Kentucky's future.

On the following pages, we have captured many of our activities and accomplishments of FY 2006. With these as our foundation, we stand ready, willing, and able to embrace the challenges and opportunities of the future.

Spencer D. Noe
FY 2007 Board Chair



WHAT WE DO why it's important

WE HELP THOUSANDS OF STUDENTS PAY FOR COLLEGE EVERY YEAR

Although higher education can be expensive, KHEAA and The Student Loan People help thousands of Kentuckians pursue a college education or technical training each year. KHEAA disbursed more than \$177 million in need- and merit-based aid in FY 2006 (six times the \$29.5 million disbursed in FY 1998 prior to receipt of lottery funding). As Kentucky's state student aid administrator, and lender and guarantor under the Federal Family Education Loan Program (FFELP), we are committed to removing financial obstacles that prevent students from achieving their higher education goals.

WE OFFER THE BEST AND LOWEST COST STUDENT LOANS TO KENTUCKIANS

Our money-saving student loans are the most affordable to help students and families who must borrow to pay college costs. It's as simple as that. The Student Loan People provides zero-fee loans for all qualified students (BestStart) and generous loan forgiveness programs (Best in Class, Best in Care, and Best in Law) to encourage borrowers to enter teaching, nursing, and public service law. Since their inception, these low-cost loans have saved borrowers more than \$133 million.

WE TURN OUR REVENUE INTO BENEFITS FOR STUDENTS

As state-created entities, we dedicate our revenue to benefits for students. Throughout our existence, we have done so at no cost to the Commonwealth or Kentucky taxpayers. KHEAA and The Student Loan People provide millions annually for state student aid awards, administration of FFELP and state student financial aid programs and services, college planning and financial aid publications, outreach programs, and borrower benefits to address Kentucky's critical shortage professions—all without the use of public money.

WE REACH OUT TO ALL 120 COUNTIES

Working together, KHEAA and The Student Loan People spread the word that higher education is within everyone's reach by providing free, hard-copy and online publications for middle and high school students and adults. We employ nine regional outreach counselors who conduct school visits and presentations statewide. And, we

travel throughout the state in a mobile college planning classroom and sponsor GoHigherKY.org, a one-stop source for all higher education information in Kentucky.



WE PROVIDE TOP-QUALITY CUSTOMER SERVICE

Because KHEAA and The Student Loan People are genuinely concerned for students and our school and lender partners, providing helpful and friendly customer service is one of our top priorities. Our experienced staff focuses on meeting the unique needs of our students. Whether they have questions about KEES awards, loan applications, or financial aid in general, they receive the care and attention they need. We also specialize in developing customized solutions to address the needs of our schools and lenders and constantly search for innovative ways to make our financial aid services and processes faster and more efficient.

WE ARE EAGER TO HEAR IDEAS AND SUGGESTIONS FROM THOSE WE SERVE

KHEAA and The Student Loan People work diligently to connect with students and families to learn what we are doing well and what we can improve. Besides providing college planning and financial aid information, our outreach counselors actively solicit ideas and suggestions from those we serve. In a new initiative for 2006, our Board of Directors and staff participated in panel discussions with high school students, guidance counselors, financial aid officers, nontraditional students, and parents to hear firsthand their perspectives, challenges, and needs regarding college planning and student financial aid. These discussions are guiding us in making our financial aid programs and services the best they can possibly be.



WE REALIZE THE VALUE OF PARTNERSHIPS IN ACCOMPLISHING OUR MISSION

We are pleased and fortunate to partner with Governor Fletcher, the Kentucky General Assembly, and many agencies and organizations that share our desire to improve educational access for Kentuckians. Kentucky's commitment to cooperation is evident in the structure of the KHEAA and KHESLC Board of Directors, which includes the President of the Council on Postsecondary Education, President of the Association of Independent Kentucky Colleges and Universities, Commissioner of the Kentucky Department of Education, Finance and Administration Cabinet Secretary, and Kentucky State Treasurer. Our Student Aid, Outreach Advisory, and Go Higher Steering Committees were created specifically to allow education and financial aid professionals to share ideas on how to best serve Kentucky students and families.

WE CREATE JOBS IN THE COMMONWEALTH

Loans made by The Student Loan People have never been sold to another party and are serviced right here in Kentucky, creating over 500 jobs. Besides the economic benefit to the Commonwealth (at no cost to taxpayers), we believe in our public purpose. We know that what we do is meaningful, and we strive to continue to make a positive difference in the lives of countless Kentuckians every year.

STUDENT

Financial Aid



The Indian, (Bloomfield High School) Class of 1968.

College planning, like taking a senior trip to Washington, D.C., is an important part of the high school experience. We've been helping students with financial aid for decades.

All General Fund appropriations received by KHEAA go directly to students in the form of awards. Kentucky Lottery revenue funds the vast majority of state student aid awards disbursed by KHEAA.

Federal LEAP/SLEAP Funds, Coal Severance Tax, Tobacco Settlement Funds, Federal Funds, Civil Penalties under KRS 199.990, and Student Loan People revenue transfers fund the remainder.

Neither KHEAA nor The Student Loan People receives General Fund appropriations for administration.

During FY 2006, KHEAA disbursed more than \$177 million in state student aid, a 7.7% increase over FY 2005.

The Student Loan People provided \$3.8 million for awards from the Kentucky National Guard Tuition Award and KHEAA Work-Study Programs.

New
for FY 2007

- ✿ CAP Grant maximum awards will increase from \$1,700 to \$1,900.
- ✿ KTG maximum awards will increase from \$2,800 to \$2,900.
- ✿ Early Childhood Development Scholarship maximum awards will increase from \$1,400 to \$1,800.

STATE STUDENT AID EXPENDITURES—FY 2006	RECIPIENTS	AMOUNT
Kentucky Educational Excellence Scholarship (KEES) Recognizes students based on GPAs/ACT scores.	63,210	\$86,460,800
College Access Program (CAP) Grant Provides access to students with financial need.	40,360	55,858,700
Kentucky Tuition Grant (KTG) Offers students with financial need a choice of attending an independent institution.	11,420	27,400,600
Teacher Scholarship Loan Service Cancellation/Write-off Assists education majors demonstrating financial need.	510	1,740,300
Osteopathic Medicine Scholarship Loan Service Cancellation/Write-off Equalizes tuition at Pikeville College School of Osteopathic Medicine.	110	162,400
Kentucky National Guard Tuition Award Provides tuition for active Guard members in good standing.	1,070	2,995,100
KHEAA Work-Study Program Enables students to earn wages to help pay for higher education.	1,050	815,600
Early Childhood Development Scholarship Assists students working in early childhood education.	1,050	884,000
Robert C. Byrd Honors Scholarship Rewards students demonstrating academic achievement.	350	491,900
Mary Jo Young Scholarship Pays for AP or dual credit courses for disadvantaged high school students.	690	366,600
TOTAL	119,820	\$177,176,000
OTHER PROGRAM BENEFITS—FY 2006	RECIPIENTS/ LOANS	AMOUNT
Teacher Scholarship/Loan*	640	\$2,101,300
Osteopathic Medicine Scholarship/Loan*	90	853,400
Kentucky Education Savings Plan Trust (KESPT) Payments Encourages families to save for future college costs.	490	2,493,300
Kentucky's Affordable Prepaid Tuition (KAPT) Payments Allows families to prepay tuition.	340	\$1,838,800
TOTAL	1,560	\$7,286,800

*These programs are scholarships if service requirements are met; otherwise, they are repayable loans with interest.

FEDERAL FAMILY EDUCATION

Student Loans

KHEAA and The Student Loan People partner to provide exceptionally low-cost Federal Stafford, PLUS, and Consolidation Loans. During FY 2006, KHEAA guaranteed more than \$1.3 billion in FFELP Loans. At the same time, The Student Loan People disbursed over \$618 million and serviced a portfolio of \$7.8 billion.

- ✿ **Federal Stafford Loan**—For undergraduate, graduate, and professional students.
- ✿ **Federal PLUS Loan**—For parents and graduate and professional students.
- ✿ **Federal Consolidation Loan**—For borrowers in repayment.

GUARANTEED BY KHEAA*	LOANS	AMOUNT
Subsidized Stafford (based on financial need)	136,240	\$476,180,600
Unsubsidized Stafford (without regard to financial need)	113,590	466,274,400
PLUS	9,890	75,450,200
Consolidation	23,370	364,150,400
Total	283,090	\$1,382,055,600

* Represents original amount guaranteed.

DISBURSED BY	LOANS	AMOUNT
THE STUDENT LOAN PEOPLE		
Stafford and PLUS	117,420	\$400,797,300
Consolidation	6,500	200,233,700
Purchases and Repurchases	3,820	17,007,100
Total	127,740	\$618,038,100

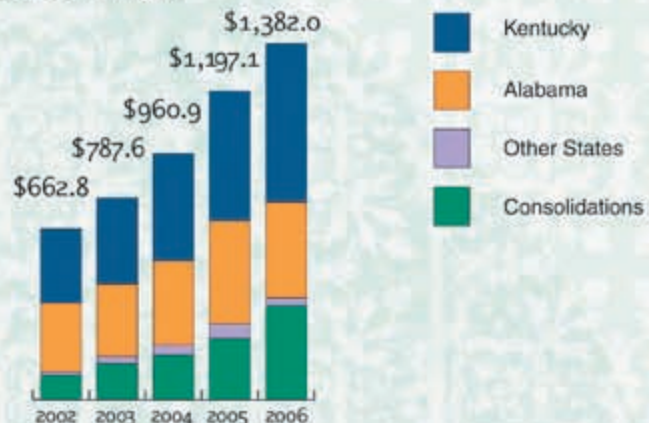


New
for FY 2007

- Graduate and professional students may apply for a Federal PLUS Loan (previously available only to parents to help pay the costs of a child's undergraduate education).
- The Student Loan People achieved an Exceptional Performer designation from the U.S. Department of Education, resulting in savings that can be dedicated to additional services for students and families.

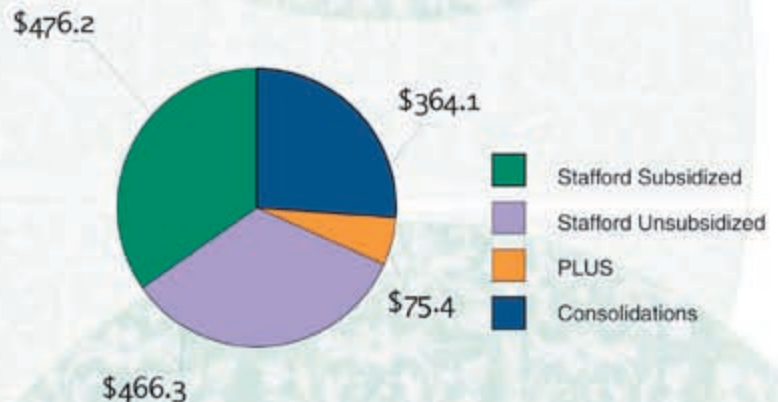
KHEAA LOAN GUARANTEES (GROSS)

By Fiscal Year in Millions



KHEAA GUARANTEES

By Loan Type in Millions



THE STUDENT LOAN PEOPLE LOAN SERVICING PORTFOLIO

By Fiscal Year in Billions



KENTUCKY'S BEST

Borrower Benefits

The Student Loan People offers several unique programs to help borrowers save on their student loans—BestStart, BestPLUS, Best in Class, Best in Care, and Best in Law. KHEAA guarantees all loans made by The Student Loan People, as well as student loans made by other lenders, and has voluntarily paid the 1% default fee on behalf of its borrowers since 1996.

- ✿ **BestStart**—Pays all up-front loan fees on behalf of the borrower, which could be as high as 4% of the loan. At repayment, borrowers receive principal and interest rate reductions for on-time and automatic payments.
- ✿ **BestPLUS**—Pays the default fee on behalf of the borrower and provides an interest rate reduction at full disbursement. At repayment, borrowers receive an additional interest rate reduction for on-time and automatic payments.
- ✿ **Best in Class**—Forgives the interest for each year of service for teachers, counselors, and librarians. Math, science, special education, foreign language, English as a second language, and minority teachers can receive principal forgiveness for each year of service.
- ✿ **Best in Care**—Forgives the interest for each year of service for nurses. Registered nurses, licensed practical nurses, and licensed vocational nurses who work in hospitals, long-term care facilities, public health care, or nursing education at colleges and universities in Kentucky can receive principal forgiveness for each year of service.
- ✿ **Best in Law**—Forgives interest and principal for each year of service for attorneys who work in Kentucky as public defenders; assistant commonwealth's attorneys; assistant county attorneys; legal service attorneys; or law clerks in the supreme, appellate and circuit courts.

For complete eligibility requirements, visit www.studentloanpeople.com.

		FY 2006		CUMULATIVE
		LOANS	SAVINGS	SAVINGS
BestStart	All Borrowers	117,420	\$12,540,500	\$37,570,800
BestPLUS	Parent Borrowers	2,040	119,700	119,700
Best in Class	Teachers, Counselors, Librarians	4,620	1,315,900	3,921,900
	Special Education Teachers	6,240	9,552,100	25,188,900
	Math Teachers	1,180	1,574,500	4,416,800
	Science Teachers	1,095	1,485,900	4,368,700
	Minority Teachers	580	964,400	964,400
	Foreign Language Teachers	120	224,000	224,000
	ESL Teachers	45	88,300	346,900
Best in Care	Nurses	5,430	3,529,400	6,818,800
Best in Law	Public Service Attorneys	90	433,700	433,700
Payment of 1% Default Fee		259,720	8,538,100	49,457,500
Total Benefits to Students			\$40,366,500	\$133,832,100



New
for FY 2007

- ✿ For Stafford Loans made after July 1, 2006, The Student Loan People will pay the default fee on behalf of its borrowers regardless of which guarantor is used.
- ✿ The Student Loan People will expand its borrower benefit programs to include BestGrad for graduate and professional students.
- ✿ For BestPLUS and BestGrad loans made after July 1, 2006, The Student Loan People will:
 - ⌚ Pay the default fee on behalf of its borrowers regardless of which guarantor is used.
 - ⌚ Provide a 1% interest rate reduction immediately after full disbursement (requires timely payments).
 - ⌚ Provide a 3.5% principal reduction after 30 consecutive on-time payments.
 - ⌚ Continue the 0.25% interest rate reduction for automatic payments.

SERVICES FOR

Kentucky Families

KHEAA and The Student Loan People provide comprehensive information services to Kentucky students and families, from college planning all the way through student loan repayment.

2006 ACCOMPLISHMENTS

KHEAA and The Student Loan People provided the following outreach services.

- ✿ **www.GoHigherKY.org**—One-stop higher education planning website.
- ✿ **Regional Outreach**—Outreach counselors assigned to and living in regions across the state.
- ✿ **College Info Road Show**—Traveling college planning classroom.
- ✿ ***Getting In, Getting Ready, Getting Set, Getting Started***—Grade-specific college planning publications.
- ✿ ***Affording Higher Education***—Financial aid reference book for Kentucky students.
- ✿ ***Adults Returning to School***—Guidance and college planning information for nontraditional students.
- ✿ ***College Circuit***—Overview of KEES and financial aid for middle and high school students.
- ✿ **Zip Access**—Online resource allowing students to:
 - ✿ Check their KEES awards.
 - ✿ Apply for Robert C. Byrd, Teacher, and Early Childhood Development Scholarships.
 - ✿ Check the status of federal student loans guaranteed by KHEAA.
- ✿ **Zip Answer**—Online answers to questions about state and federal student aid.
- ✿ **Customer Care Call Center**—Frontline contacts for information and answers to financial aid questions.
- ✿ **Borrower Advocates**—Staff who counsel borrowers on ways to keep their loans in good standing.
- ✿ **Parent/student newsletters**—Timely higher education/student aid news mailed to families.
- ✿ **KESPT Futuretrust®**—Program through which cash rebates are swept into KESPT accounts.
- ✿ **Zip Decision**—Online resource for parents interested in a Federal PLUS Loan.



Photo courtesy of the Kentucky Historical Society

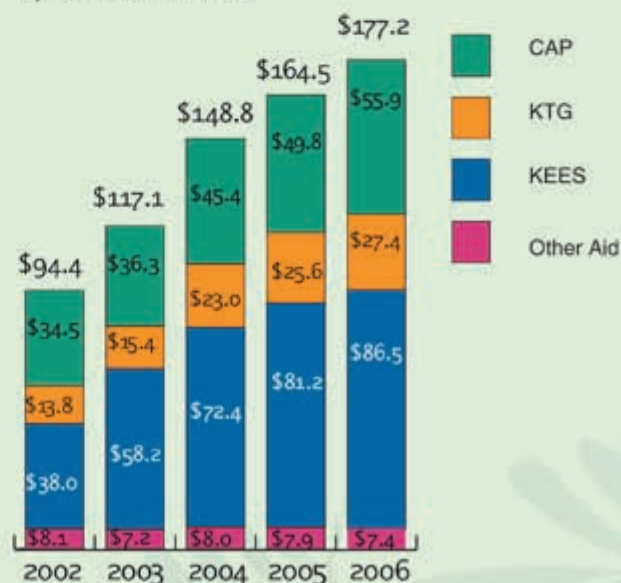
Three generations of the Davis family celebrate their latest Kentucky State University diploma, 1973.

New
for FY 2007

- GoHigherKY.org will be enhanced with an electronic transcript process.
- College planning and financial aid information will be customized for underrepresented students participating in the Council on Postsecondary Education's GEAR UP program.

STATE STUDENT AID EXPENDITURES

By Fiscal Year in Millions



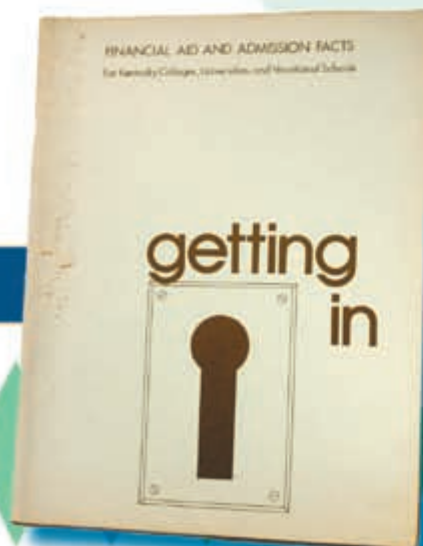
SERVICES FOR

Counselors

KHEAA and The Student Loan People provide the best tools and information possible to high school counselors and others who can help students learn about higher education and student financial aid.

2006 ACCOMPLISHMENTS

- ✿ Streamlined the KES grade reporting system for high schools by allowing all schools to submit student records to KHEAA in a safe and secure environment. Over 90% of KES school district representatives attended training to learn more about the reporting system.
- ✿ Developed and distributed 3,100 copies of our *Outreach Presentation Guide* describing in detail our free services, including age-appropriate presentations for students, financial aid workshops for parents, and visits from the College Info Road Show.
- ✿ Assisted the Kentucky Association of Student Financial Aid Administrators (KASFAA) with its statewide series of student financial aid workshops for counselors.
- ✿ Distributed *Counselor Connection* newsletters with important student aid updates.
- ✿ Provided free grade-specific publications to distribute to all students.
- ✿ Provided nine regionally assigned counselors to participate in college/career fairs and financial aid workshops.
- ✿ Traveled statewide in the College Info Road Show to visit schools and participate in community events.
- ✿ Conducted training workshops on the Counselor Center and other GoHigherKY.org modules.
- ✿ Conducted the \$500 "Promote Your School" scholarship essay contest.



Getting In's first 1975 edition was hand-typed





The Dutchman, 1958

Nothing modern will replace the one-on-one student chat, but counselors have many new tools for higher education planning.

The 2006-2007 edition of *Getting In* featured students from Murray High School



SERVICES FOR

Schools and Lenders

KHEAA and The Student Loan People provide local, personalized service for schools and lenders.

2006 ACCOMPLISHMENTS

- ✿ Provided Federal Stafford and PLUS Loan origination and disbursement services totaling \$906 million.
- ✿ Launched Zip Access Student Aid and Loan Processing, a suite of online services for postsecondary schools.
- ✿ Conducted 34 Zip Access training sessions throughout the state.
- ✿ Developed and conducted financial literacy seminars for college students.
- ✿ Jointly sponsored KASFAA's College Goal Sunday to help families complete the Free Application for Federal Student Aid (FAFSA).
- ✿ Provided customized materials for use by financial aid offices of 37 Kentucky postsecondary schools and the Kentucky Community and Technical College System.
- ✿ Hosted open houses for financial aid officers to see loan processes that take place behind the scenes.
- ✿ Averted over 96,250 student loan defaults.
- ✿ Paid \$15.2 million on 1,920 claims for bankruptcy, death, disability, and closed schools.



New
for FY 2007

- ✿ KHEAA will implement an online default management system for our postsecondary school partners.
- ✿ Financial literacy seminars will be expanded to accommodate school requests.



The Dutchman, 1968

OTHER NOTEWORTHY ACCOMPLISHMENTS

KHEAA

- ✿ Increased Stafford and PLUS net guarantee volume to \$856 million*, including:
 - ✿ \$522 million for Kentucky.
 - ✿ \$309 million for Alabama.**
 - ✿ \$25 million for other states throughout the nation.
- ✿ Reached \$3.6 billion in guarantees outstanding and \$4.04 billion in original principal outstanding.
 - * Guarantee volume net of cancellations.
 - ** KHEAA is the designated Alabama FFELP guarantor.

THE STUDENT LOAN PEOPLE

- ✿ Increased FFELP originations 51%.
- ✿ Increased loan portfolio serviced from \$7.0 to \$7.8 billion.
- ✿ Partnered with Wells Fargo Bank to provide Advantage alternative loans.

BOARD OF DIRECTORS (AS OF JUNE 30, 2006)

Dr. Jim A. Jackson, Chair
Frankfort

Joey B. Bailey
Louisville

Ronald D. Butt
Louisville

Marcia Kuegel Carpenter
Owensboro

Dr. Barbara Holsinger
Wilmore

Dr. Sarah H. Laws
Midway

Spencer D. Noe
Lexington

Jerry T. Shroat
Union

Charles Simpson
Somerset

Daniel W. Stanfield
Harrodsburg

EX-OFFICIO MEMBERS

Dr. Gary S. Cox, President
Association of Independent Kentucky
Colleges and Universities

Dr. Thomas D. Layzell, President
Council on Postsecondary Education

Jonathan Miller
State Treasurer

John Farris, Secretary*
Finance and Administration Cabinet

Gene Wilhoit, Commissioner
Kentucky Department of Education

* John Farris was appointed June 8, 2006, to replace
former Finance and Administration Cabinet
Secretary Robbie Rudolph, who was appointed
Secretary of the Governor's Executive Cabinet.

2005-2006 STUDENT AID ADVISORY COMMITTEE

Pat Arauz
University of Louisville

Michael Barlow
Kentucky Community and Technical College
System

Donna Blair
Sullivan University

Cindy Burnette
Western Kentucky University

Dave Cecil
Transylvania University

Carmella Conner
Kentucky State University

Dr. Gary S. Cox
Association of Independent Kentucky
Colleges and Universities

Bryan Erslan
Berea College

Lynda George
University of Kentucky

Sheila Hilderbrand
Morehead State University

Kathy Hodges
Kentucky Community and
Technical College System

Angela Johnson
Kentucky Community and
Technical College System

Laura Keown
Centre College

Mary Anne Olson
Kentucky Community and
Technical College System

Shelley Park
Eastern Kentucky University

Leah Stewart
Northern Kentucky University

Dennis Taulbee
Council on Postsecondary Education

Chris Tolson
Campbellsville University

Charles Vinson
Murray State University

2005-2006 OUTREACH ADVISORY COMMITTEE

Don Blevins

Prichard Committee for Academic Excellence

Dr. Bill Braden

Kentucky Counseling Association

Freddie Brown

YMCA of Central Kentucky, Black Achievers

Sherman Bush

Kentucky Association of Blacks in Higher Education

Prudie Campbell

Kentucky Association of Secondary and College Admission Counselors

Marcia Kuegel Carpenter

Daviess County High School

Dianne Crouch

Tates Creek High School/Kentucky School Counselor Association

Becky Crump

GEAR UP, Council on Postsecondary Education

Michael Denney

Office of Family Resource/Youth Services Centers

Gera Drake

Kentucky Association of Educational Opportunity Program Personnel (TRIO)

Mason Dyer

Association of Independent Kentucky Colleges and Universities

Aaron Gabehart

Kentucky Association of Student Financial Aid Administrators

Dr. B.J. Helton

Kentucky Adult Education, Council on Postsecondary Education

Dr. Jacqueline Korengel

Kentucky Adult Education, Council on Postsecondary Education

Debbie Lindsey

Kentuckiana College Access Center

Yvonne Lovell

GEAR UP, Council on Postsecondary Education

Robby Morton

Division of Minority Educator Recruitment and Retention

Sue Patrick

Council on Postsecondary Education

Charles Puckett

Kentucky Office of Vocational Rehabilitation

J. Carey Simpson

Kentucky Association of Secondary and College Admission Counselors

Martha Welch

University of Kentucky College of Agriculture, Cooperative Extension Service

2005-2006 GO HIGHER STEERING COMMITTEE

Bill Brammell

University of Louisville

Marcia Kuegel Carpenter

Daviess County High School

Dianne Crouch

Tates Creek High School

Gera Drake

Kentucky Association of Educational Opportunity Program Personnel (TRIO)

Mason Dyer

Association of Independent Kentucky Colleges and Universities

Myk Garn

Council on Postsecondary Education

Janet Hoover

Council on Postsecondary Education

Judy Kim

GEAR UP, Council on Postsecondary Education

Stan Lampe

Kentucky Education Cabinet

Ed Mastrean

Kentucky Educational Television

Shelley Park

Eastern Kentucky University

Sue Patrick

Council on Postsecondary Education

Charles Patton

Ohio County High School

Linda Pittenger

Kentucky Department of Education

Jenny Sawyer

University of Louisville

Sara Westerman

Kentucky Lottery

SENIOR LEADERSHIP (AS OF JUNE 30, 2006)

Jane L. Roig*

Interim Executive Director and CEO

James Ackinson

Interim Chief Financial Officer

Blake Tanner

KHEAA Chief Operating Officer

Scotty Bryan

Chief Information Officer

Ted Franzeim

Senior Vice President for Customer Relations

Rick Casey

General Counsel

* Jane L. Roig was appointed Interim Executive Director effective March 20, 2006, to replace former Executive Director Dr. Joe L. McCormick, who announced his retirement on February 23, 2006. On June 30, 2006, the Board appointed Edward J. Cunningham Executive Director and Chief Executive Officer effective August 1.

SELECTED

Financial Information

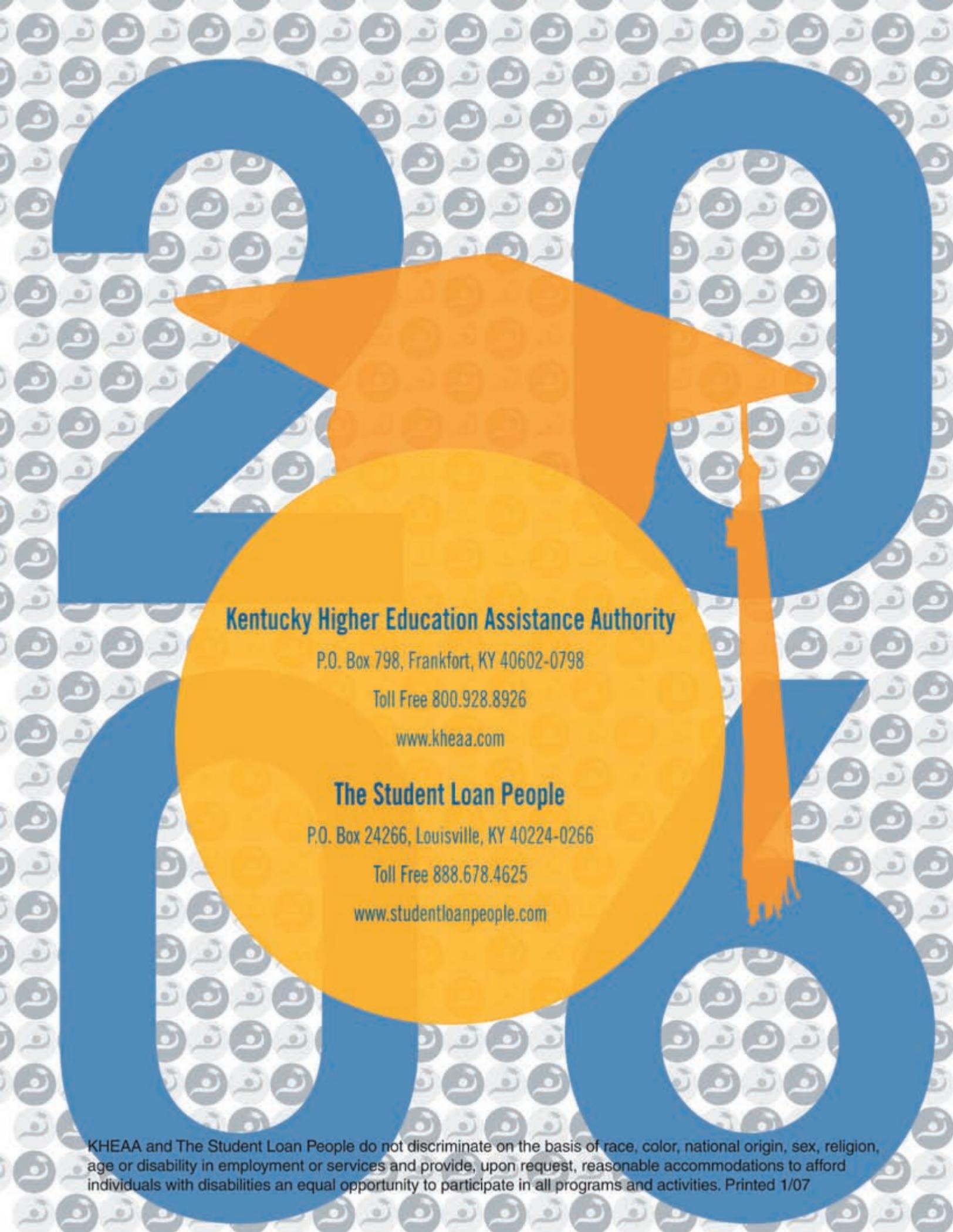
AS OF JUNE 30, 2006, AND FOR THE FISCAL YEAR THEN ENDED

	Governmental and Fiduciary Funds				Proprietary Funds	
	KHEAA				The Student Loan People	
	Governmental Fund	Federal Student Loan Reserve Fund	Kentucky's Affordable Prepaid Tuition	Kentucky Education Savings Plan Trust	Agency Operating Fund and Internal Service Fund	2006 Operating Fund and Education Finance Fund
Statement of Net Assets						
Current assets	\$ 5,452,636	\$12,173,568	12,356,586	\$78,609,020	\$13,277,328	\$286,899,804
Loans, net						1,485,239,206
Other noncurrent assets	11,804,556	2,302,290	131,406,546		27,674,285	40,070,333
Total assets	17,257,192	14,475,858	143,763,132	78,609,020	40,951,613	1,812,209,343
Current liabilities	185,171	13,242,816	14,975	153,336	1,860,123	31,972,720
Noncurrent liabilities			164,057,395		6,990,000	1,719,005,860
Total liabilities	185,171	13,242,816	164,072,370	153,336	8,850,123	1,750,978,580
Total Net Assets	\$17,072,021	\$1,233,042	\$(20,309,238)	78,455,684	\$32,101,490	\$61,230,763
Statement of Activities						
Program revenue/additions	\$176,852,554	\$64,876,797	\$12,561,690	\$17,351,393	\$21,662,734	\$149,159,115
Direct expenses/deductions	182,041,328	74,379,692	26,517,564	4,265,824	11,078,738	137,245,574
Total	(5,188,774)	(9,502,895)	(13,955,874)	13,085,569	10,583,996	11,913,541
Interfund transfers	5,250,980				(5,250,980)	
Transfer to KAPT			241,536		(241,536)	
Transfer from KHESLC	4,759,691					(4,759,691)
Transfer to State Treasury						(59,000,000)
Change in net assets	4,821,897	(9,502,895)	(13,714,338)	13,085,569	5,091,480	(51,846,150)
Net assets at beginning of year	12,250,124	10,735,937	(6,594,900)	65,370,115	27,010,010	113,076,913*
Net assets at end of year	\$17,072,021	\$1,233,042	\$(20,309,238)	\$78,455,684	\$32,101,490	\$61,230,763

*As restated

To request a copy of KHEAA's audited financial statements, call (502) 696-7421.

To request a copy of The Student Loan People's audited financial statements, call (502) 329-7145.



Kentucky Higher Education Assistance Authority

P.O. Box 798, Frankfort, KY 40602-0798

Toll Free 800.928.8926

www.kheaa.com

The Student Loan People

P.O. Box 24266, Louisville, KY 40224-0266

Toll Free 888.678.4625

www.studentloanpeople.com

KHEAA and The Student Loan People do not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or services and provide, upon request, reasonable accommodations to afford individuals with disabilities an equal opportunity to participate in all programs and activities. Printed 1/07

LEAN ON US, FROM CLASS TO CAREER.



Kentucky's trusted source for grants, scholarships and loans.